GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:524
ANSWERED ON:24.11.2006
CURRENCY SWAP QUESTION
Vallabbhaneni Shri Balashowry

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is considering the proposal of allowing currency swap to allow foreign funding in rupee denominated loans;

(b) if so, the details thereof; and

(c) the effect on debt market as a result thereof?

Answer

SHRI PAWAN KUMAR BANSAL − MINISTER OF STATE FOR FINANCE

(a) to (c) Asian Development Bank proposal was received in June, 2006 for Government approval on

(i) raising funds upto Rs. 50 billion;

(ii) flexibility to choose cheapest funding option (through bonds or through Cross Currency Swaps). Preliminary Discussion with ADB was held in October, 2006 and ADB agreed to forward revised proposal. A revised proposal has since been received. The effect on debt market is not known as the proposal is in its initial stage.